

**INTERIM REPORT TO THE
THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON
MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND
SUBSTANCE ABUSE SERVICES**

ON

**LOCAL MANAGEMENT ENTITIES
HOSPITAL PILOT PROGRAM**

**Session Law 2007-323
House Bill 1473, Section 10.49. (s)**

October 15, 2007

**NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND
SUBSTANCE ABUSE SERVICES**

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COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES
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October 15, 2007

This first interim report is submitted to the Legislative Oversight Committee in Mental Health, Developmental Disabilities and Substance Services (LOC), pursuant to the requirements of House Bill 1473, Section 10.49.(s1-s5). This report encompasses progress of the 18-month pilot to be implemented in State Fiscal Year 2007-2008 for the purpose of reducing State psychiatric hospital use by holding Local Management Entities (LMEs) financially and clinically responsible for the cost of that use and by providing additional resources to build community capacity.

Progress to date:

1. The State Psychiatric Hospital Utilization Committee, which is comprised of representatives from LMEs across the state, The Council for Community Programs, state psychiatric hospitals and Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) staff, met on August 8, 2007 to discuss parameters of the legislation that was ratified on July 31, 2007. The Committee provided feedback and input to DMH/DD/SAS regarding application elements to be considered per the legislation and possible criteria necessary for possible pilot award(s).
2. A courtesy notification and a copy of the legislation were sent to LME and State psychiatric hospital directors via email on August 15, 2007, indicating that a Request for Application (RFA) would be forthcoming and for the LME Directors to review the legislation which would serve as the basis for their applications.
3. Cost information was sent to the LMEs and State psychiatric hospital directors on August 31, 2007, including:
 - a. The cost of each LME's 2006-2007 use of State psychiatric hospital services
 - b. The daily rate for the State psychiatric hospitals for the pilot project
 - c. The daily rate for patient readmitted within 30 days and/or individuals discharged with a substance abuse diagnosis only
4. The RFA was sent to LME Directors on August 31, 2007. LMEs have a deadline of October 15, 2007 to submit their proposals.
5. A draft selection criteria tool has been developed. Additional review of the tool will occur to ensure appropriate legislative parameters are included and that the LME application review process will be reliable and valid, ensuring a fair and objective review process occurs.